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May 7, 2001

The Honorable Robert F. Rider
Chairman, Board of Governors
United States Postal Service
475 L'Enfant Plaza SW
Washington, DC 20260-1000

Dear Chairman Rider:

By now we are all aware of the dismal financial outlook facing the United States Postal Service. During an April 2000 Committee hearing we heard testimony that the Postal Service faces financial shortfalls this year of between \$2 billion and \$3 billion. The General Accounting Office also added the need for the Postal Service to address its financial, operational and human capital challenges to its high-risk list. Clearly efforts must be taken to resolve these challenges. We must all work together to ensure that the Postal Service can continue to provide universal mail service at affordable prices.

I am concerned however about recent reports that the Postal Service may either raise rates or seek additional rate increases. At this point, I am not convinced that this would be in the best interests of the Postal Service. A new rate increase, coming so soon after the January increase, would be harmful to postal customers. It may drive away business and force mailers to seek alternative forms of communications. I view a rate increase as a slippery slope for the Postal Service. Instead I believe the Postal Service should seek alternative ways to contain its costs and gain control of its financial situation.

At our April hearing, the Board of Governor's Vice Chairman, S. David Fineman, testified that aside from raising rates, there are other things the Service can do to contain costs and increase productivity. I feel that this is the proper attitude. I am very aware that the Postal Service operates under an outdated statutory framework that is more than three decades old and I am committed to working with all stakeholders to enact meaningful Postal reform. However, in the interim I hope that the Postal Service will tighten its belt and seek ways to get a handle on its financial situation without resorting to raising rates. I would be happy to work with you to seek ways to contain costs. Another rate increase should be the last option, not the first.

Thank you for attention to this matter and I look forward to your reply.

Sincerely,


Dan Burton,
Chairman